



Fair taxes for Texas

By U.S. Sen. John Cornyn

Many Texans understandably wait until the last week to file their federal tax returns. The experience is so unpleasant—and I'm not just talking about paying taxes due—that we tend to put it off as long as possible.

With the mid-April filing deadline now behind us, let's take a moment to look at the monster we have created in the federal income tax. What started in 1913 as a small levy that affected only two percent of citizens has grown in complexity and seeming inequality. It increasingly frustrates almost everyone.

There are currently 325 separate forms that taxpayers might be required to complete. The code has become so complex that a majority of Americans now require professional help to file their taxes—and even those pros often make mistakes. We spend a total of \$250 billion annually just to comply with tax laws, and more than six billion hours preparing our returns.

Here's another way to look at it. In 1955, there were 744,000 words in the IRS code. By 2000, this number had grown to 6.9 million. And since 1986, there have been more than 15,000 changes made to the tax code, many of them special provisions to benefit a small number of taxpayers.

The process seems designed to confuse even those who don't have to pay. Consider this deceptively simple directive on the Internal Revenue Service (IRS) web site: "Even if you do not have to file a return, you should file one to get a refund of any Federal Income Tax withheld."

If someone is eligible for a refund, why would the IRS obscure the matter by even suggesting that filing a return was unnecessary?

It reminds me of some advice an accountant friend in Austin once said: "When it comes to the IRS, the answer is maybe, and that's final."

I've now come to the conclusion that our current tax system is in danger of collapsing under its own weight. It ought to be replaced by a much fairer and simpler process. That's why I'm a co-sponsor of the Fair Tax Act (S.25). If passed and signed by the President, the bill would significantly change the way we collect taxes in America.

The bill would eliminate most current major federal taxes—including the income tax, capital gains, all payroll taxes, estate, gift, corporate and self-employment taxes—and replace them with a national retail sales tax. Collection could be done through state systems, and the IRS would be significantly downsized and reformed.

Think about it—no Byzantine forms and laws to comprehend quarterly or annually. In their place: a simple sales tax on the cost of new goods and services.

To ensure a fair tax didn't penalize low-income Americans, everyone would receive a monthly "prebate" of the tax on essential goods and services.

This system would greatly simplify the collection process. It would eliminate the demand for expensive tax advisers who specialize in finding loopholes and exceptions in our complicated tax code. It would also negate measures such as the Alternative Minimum Tax that are sweeping up increasing numbers of middle-class taxpayers.

The Fair Tax idea has been talked about for decades. But there is increasing support for making a radical change, in the name of fairness and efficiency.

I've always believed the key to economic prosperity in our country is keeping taxes low for Americans and their businesses. That's the way to reward initiative, and to promote job creation and economic growth.

Reclaiming the reins of our runaway federal income tax system will help promote a strong economy. A national retail sales tax is a simple and viable alternative to our current federal income system.

Albert Einstein, a genius at analyzing complex scientific principles, once said: "The hardest thing in the world to understand is the income tax."

Einstein died more than 50 years ago. What would he say about the system today?

Sen. Cornyn is a member of the following Senate Committees: Armed Services, Judiciary, Budget, Small Business and Entrepreneurship, and Joint Economic. He is also the chairman of the subcommittees on Immigration, Border Security and Citizenship and Emerging Threats and Capabilities.